

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF JACKSON COUNTY WATER )  
ASSOCIATION FOR ADJUSTMENT OF RATES ) CASE NO. 1999-417

O R D E R

On October 4, 1999, Jackson County Water Association ("Jackson County") submitted its application for Commission approval of proposed water rates. The application was considered filed on November 25, 1999, when all deficiencies were cured. Commission Staff ("Staff"), having performed a limited financial review of Jackson County's test period operations, has prepared the attached report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and submit any written comments on Staff's findings and recommendations or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that:

1. All parties shall, no later than 10 days from the date of this Order, submit their written comments on the attached Staff Report or request for a hearing or informal conference. If Jackson wishes to amend its application to reflect or to phase in the rates that will generate Staff's optimum revenue requirement, and that will differ from those in its application, it shall submit such amendment when filing its comments.

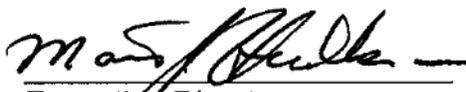
2. If Jackson County should choose to amend its application to reflect rates that differ from those in its application, Jackson shall notify its customers of the amended rate proposal in accordance with 807 KAR 5:011, Section 8.

3. If no request for a hearing or informal conference is received within 10 days from the date of this Order, this case shall stand submitted to the Commission for decision.

Done at Frankfort, Kentucky, this 2<sup>nd</sup> day of May, 2000.

By the Commission

ATTEST:

  
Executive Director

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF JACKSON COUNTY WATER )  
ASSOCIATION FOR ADJUSTMENT OF RATES ) CASE NO. 1999-417

STAFF REPORT

Prepared by: Karen S. Harrod, CPA  
Public Utilities Financial Analyst  
Water and Sewer Revenue  
Requirements Branch  
Division of Financial Analysis

Prepared by: Renee Curry  
Public Utilities Rate Analyst  
Communications, Water and  
Sewer Rate Design Branch  
Division of Financial Analysis

STAFF REPORT  
ON  
JACKSON COUNTY WATER ASSOCIATION  
CASE NO. 1999-417

On October 4, 1999, Jackson County Water Association ("Jackson County") submitted its application for Commission approval of proposed water rates. The application was considered filed on November 25, 1999, when all deficiencies were cured. In order to evaluate the requested increase, Commission Staff ("Staff") performed a limited financial review of Jackson County's test period operations, the year ended December 31, 1998.

The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Karen Harrod, Scott Lawless, and Renee Curry, of the Commission's Division of Financial Analysis began the review on November 16, 1999. Ms. Harrod is responsible for the preparation of this Staff Report except for the determination of normalized operating revenue and Attachments E, F, and G, which were prepared by Ms. Curry.

A schedule of Jackson County's proposed pro-forma operations is shown in Attachment A. Based on Staff's recommendations Jackson County's operating statement and revenue requirement would appear as set forth in Attachments B and C, respectively.

Jackson County's proposed rates would produce a revenue requirement of \$1,290,480,<sup>1</sup> or an increase of \$143,598 over test year revenues. This results in an increase over normalized test-year revenues from water sales of 13.26 percent. Based on Staff's recommended operations and a 1.1<sup>2</sup> Debt Service Requirement, Staff determined that Jackson County's minimum and optimum revenue requirement range is from \$1,074,558 to \$1,330,573, as shown in Attachment C.

The minimum revenue requirement of \$1,074,558 will permit Jackson County to meet its adjusted test-period operating expenses, excluding depreciation expense, and the minimum debt service requirements of its long-term debt instruments. The optimum revenue requirement of \$1,330,573 will allow Jackson County to meet its adjusted test-period operating expenses, including depreciation expense, and the minimum debt service requirements of its long-term debt instruments.

Since Jackson County's requested revenue requirement is within the acceptable range and produces a positive cash flow of \$215,922, as computed in Attachment D, Staff recommends that Jackson County's proposed revenue requirement be accepted.

Attachments E and F contain the discussion and workpapers with regard to Staff's cost of service study. The recommended rates, based on Staff's cost of service study, are shown on Sheet 11 of Attachment F and will achieve the requested revenue requirement of \$1,290,480. The rates shown on Sheet 8 of Attachment G will achieve the maximum revenue requirement of \$1,330,573 and are also calculated based on Staff's cost of service study.

---

<sup>1</sup>Exhibit 14 of Exhibit 5 of Jackson County's Application.

<sup>2</sup>Exhibit 6 of Exhibit 5 of Jackson County's application.

The rate contained in Attachment F will achieve Staff's recommended level of revenue. Attachment H contains staff's recommended tariff for Jackson County.

Signatures

---

Prepared by: Karen S. Harrod, CPA

Public Utility Financial Analyst  
Water and Sewer Revenue  
Requirements Branch  
Division of Financial Analysis

---

Prepared by: Renee Curry  
Public Utilities Rate Analyst  
Communications, Water and  
Sewer Rate Design Branch  
Division of Financial Analysis

ATTACHMENT A  
 STAFF REPORT CASE NO. 99-417  
 JACKSON COUNTY WATER ASSOCIATION - REQUESTED OPERATIONS

	Test Year per Annual Report	Proposed Adjustments	Proposed Test Year
<b>Operating Revenues</b>			
Metered Water Sales	1,008,743	186,347	1,195,090
Sales for Resale	25,101	6,294	31,395
<b>Total Water Sales</b>	<b>1,033,844</b>	<b>192,641</b>	<b>1,226,485</b>
Misc. Service Revenues	7,895	-	7,895
<b>Total Operating Revenues</b>	<b>1,041,739</b>	<b>192,641</b>	<b>1,234,380</b>
<b>Operating Expenses</b>			
Salaries & Wages - Employees	258,748	15,937	274,685
Employee Pensions & Benefits	41,428	13,280	54,708
Purchased Power	58,399	2,360	60,759
Chemicals	56,147	2,146	58,293
Materials & Supplies	122,152	1,000	123,152
Contractual Services -	5,995	-	5,995
<b>Accounting</b>			
Contractual Services - Legal	1,000	-	1,000
Contractual Services - Other	32,165	1,800	33,965
Transportation Expense	13,164	-	13,164
Insurance - Vehicle	3,648	-	3,648
Insurance - General Liability	3,648	-	3,648
Insurance - Worker's Comp.	7,269	-	7,269
Insurance - Other	2,158	-	2,158
Bad Debt Expense	12,480	600	13,080
Miscellaneous	42,101	-	42,101
Depreciation Expense	256,015	-	256,015
Amortization Exp. - Rate Case	-	2,000	2,000
Taxes other than Income	25,168	989	26,157
<b>Total Operating Expenses</b>	<b>941,685</b>	<b>40,112</b>	<b>981,797</b>
<b>Utility Operating Income</b>	<b>100,054</b>	<b>152,529</b>	<b>252,583</b>
<b>Other Income</b>			
Interest Income	46,757	-	46,757
Nonutility Income	9,008	-	9,008
<b>Total Other Income</b>	<b>55,765</b>	<b>-</b>	<b>55,765</b>
<b>Income Available for Debt Service</b>	<b>155,819</b>	<b>152,529</b>	<b>308,348</b>

ATTACHMENT B  
STAFF REPORT CASE NO. 99-417  
STAFF'S RECOMMENDED OPERATIONS

	Test Year per Annual Report	Staff Recommended Adjustments	Ref.	Staff Recommended Test Year
Operating Revenues				
Metered Water Sales	1,008,743	49,378	A	1,058,121
Sales for Resale	25,101			25,101
Total Water Sales	1,033,844	49,378		1,083,222
Misc. Service Revenues	7,895	-		7,895
Total Operating Revenues	1,041,739	49,378		1,091,117
Operating Expenses				
Salaries & Wages - Employees	258,748	27,489	B,F	286,237
Employee Pensions & Benefits	41,428	14,998	C	56,426
Purchased Power	58,399	2,360	D	60,759
Chemicals	56,147	2,146	E	58,293
Materials & Supplies	122,152	-	F	122,152
Contractual Services - Accounting	5,995	-		5,995
Contractual Services - Legal	1,000	(1,000)	G	-
Contractual Services - Other	32,165	1,560	F	33,725
Transportation Expense	13,164	-		13,164
Insurance - Vehicle	3,648	-		3,648
Insurance - General Liability	3,648	-		3,648
Insurance - Worker's Comp.	7,269	-		7,269
Insurance - Other	2,158	-		2,158
Bad Debt Expense	12,480	-	F	12,480
Miscellaneous	42,101	(2,821)	H	39,280
Depreciation Expense	256,015	-		256,015
Amortization Expense - Rate Case	-	-	I	-
Taxes other than Income	25,168	2,103	J	27,271
Total Operating Expenses	941,685	46,835		988,520
Utility Operating Income	100,054	2,543		102,597
Other Income				
Interest Income	46,757	-		46,757
Nonutility Income	9,008	-		9,008
Total Other Income	55,765	-		55,765
Income Available for Debt Service	155,819	2,543		158,362

(A) Operating Revenues – Water Sales

ATTACHMENT B  
STAFF REPORT CASE NO. 99-417  
STAFF'S RECOMMENDED OPERATIONS

Jackson County's 1998 annual report showed annual revenue from water sales in the amount of \$1,033,844 and total operating revenue of \$1,041,739. Staff's billing analysis showed that Jackson County's total revenue from water sales for the 1998 test year was \$1,029,270, a decrease of \$4,574 from the reported amount. Staff then normalized rates to include 200 additional customers served by Jackson County and not included in the test year billing analysis. Based on an average monthly usage of 4,200 gallons and using test year rates, the additional customers will increase Jackson County's annual revenue by \$53,952<sup>3</sup>. These adjustments result in a net increase to revenues from water sales of \$49,378. For the purposes of this report, Jackson County's normalized revenue from water sales is \$1,083,222.

(B) Salaries & Wages

In its application Jackson proposed to increase test year salary expense by \$12,937 to a level of \$271,685. Based on the current salary levels of Jackson County's employees Staff calculated the current salary level to be \$286,237. An adjustment has been included to increase test year expense of \$258,748, by \$27,489.

Jackson County proposed an additional increase of \$3,000 to salary expense based on its increased level of customers. This adjustment has been excluded for rate-making purposes and is discussed in Item (F).

(C) Employee Pensions & Benefits Expense

For the test year Jackson County reported employee pensions and benefits expense of \$41,428 which it proposed to increase by \$13,280. Staff recommends a net increase of \$14,998 to include the current level of health insurance expense being incurred and to increase retirement expense based on the recommended increase in salaries & wages expense.

Current Annual Health Insurance Expense	\$ 45,660	
Less: Test Year Expense	<u>31,762</u>	
Recommended Increase in Health Insurance Exp.		\$ 13,898
Recommended Increase – Salaries & Wages	\$ 27,489	
Retirement paid by utility	<u>.04</u>	

<sup>3</sup> 200 Customers x \$22.48 x 12 Months = \$53,952.

ATTACHMENT B  
STAFF REPORT CASE NO. 99-417  
STAFF'S RECOMMENDED OPERATIONS

Recommended Increase in Retirement Expense	1,100
Total Increase in Employee Pensions & Benefits Expense	\$ 14,998

(D) Purchased Power

Jackson County reported test year purchased power expense of \$58,399. It proposed to increase this expense by \$2,360 based on additional water treatment expense and repumping costs associated with serving 200<sup>4</sup> additional customers. Staff has reviewed the calculations in support of these adjustments and concurs that they should be included for rate-making purposes.

(E) Chemicals Expense

Jackson County reported test year chemicals expense of \$56,147. It proposed to increase this expense by \$2,146 based on additional water treatment expense associated with serving 200 additional customers. Staff has reviewed the calculations in support of this adjustment and recommends that it be included for rate-making purposes.

(F) Customer Accounts Expense

In its application Jackson County proposed an adjustment to increase test year customer accounts expenses by \$6,400 based on additional costs to be incurred as a result of serving 200 additional customers. Staff has allocated this proposed increase to the following accounts, based on information provided in Jackson County's 1998 annual report.

Expense	Test Year Exp. Per Annual Rpt		Test Year # Custom ers		Cost per Custom er		# New Customer s		Propose d Increase
Salaries & Wages	54,943	÷	3,673		15	×	200		3,000
Materials & Supplies	16,923	÷	3,673		5	×	200		1,000
Contract Serv.- Other	32,165	÷	3,673		9	×	200		1,800
Bad Debt Expense	12,480	÷	3,673		3	×	200		600
Total	116,511				32				6,400

Customer accounts expense includes expenses for salaries and wages, materials and supplies, contract services – other (meter reading), and bad debt expense. It is Staff's opinion that, with the exception of meter reading, these expenses do not necessarily increase in direct proportion to an increase in customers. Accordingly, Staff recommends an adjustment be made to increase meter reading expense, calculated as follows:

<sup>4</sup>Per Application Rate Study, Exhibit 13.

ATTACHMENT B  
STAFF REPORT CASE NO. 99-417  
STAFF'S RECOMMENDED OPERATIONS

Cost per meter	\$ .65
Number of new customers	<u>200</u>
Monthly Cost	\$ 130
	<u>12</u>
Annual Cost	<u>\$ 1,560</u>

(G) Contractual Services – Legal

During the test year Jackson County paid legal expenses of \$1,000 for services performed during 1997. There were no legal expenses reported for the test period. Accordingly, Staff recommends an adjustment to eliminate legal expenses from test period operations.

(H) Miscellaneous Expenses

Jackson County reported test year miscellaneous expense of \$42,101. Staff recommends a net decrease to test year expense of \$2,821 based on the following adjustments:

Non-Recurring Charges

Out of State Travel to tour a Membrane Filter Water Treatment Plant	\$ ( 826)
Installation of cable service at plant	( 241)

Not allowed for Rate-making purposes

Snacks	( 498)
Christmas Hams & Bonuses	( 1,556)

Annualization Adjustment

Quarterly Copier Maintenance (Test year included only 3 qtrs. of expense)	<u>300</u>
--	------------

Net Adjustment	<u>\$ (2,821)</u>
----------------	-------------------

(I) Amortization of Rate Case Expense

Jackson County proposed to include the amortization of rate case expenses totaling \$6,000 over a period of three years.<sup>5</sup> Staff concurs that this is an allowable and

---

<sup>5</sup> Application Rate Study, Exhibit 14.

ATTACHMENT B  
STAFF REPORT CASE NO. 99-417  
STAFF'S RECOMMENDED OPERATIONS

appropriate adjustment however, no invoices have been presented to support the estimated expenses. Accordingly, the proposed adjustment has not been included in the determination of Jackson County's revenue requirement.

(J) Taxes other than Income

In its application Jackson County proposed to increase taxes other than income tax expense by \$989, based on its proposed increase to test year salary expense. Staff recommends an increase to this expense of \$2,103 based on the recommended increase to salaries and wages expense.

Recommended Salaries & Wages Increase	\$ 27,489
FICA Rate	<u>.0765</u>
Recommended Increase	<u>\$ 2,103</u>

ATTACHMENT C  
STAFF REPORT CASE NO. 99-417  
STAFF'S RECOMMENDED MINIMUM AND OPTIMUM REVENUE REQUIREMENT

	Staff Recommended Minimum (Excludes Depreciation)	Staff Recommended Optimum (Includes Depreciation)
Adjusted Operating Expenses	732,505	988,520
Avg. Annual Debt Service	310,957	310,957
.1 DSC	31,096	31,096
<b>Total Revenue Requirement</b>	<b>1,074,558</b>	<b>1,330,573</b>
Less:		
Normalized Operating Rev. from Water Sales	1,083,222	1,083,222
Misc. Service Revenues	7,895	7,895
Interest Income	46,757	46,757
Non-utility Income	9,008	9,008
<b>Increase in Revenue from Water Sales</b>	<b>(72,324)</b>	<b>183,691</b>
<b>% Increase in Revenue from Water Sales</b>	<b>-6.68%</b>	<b>16.96%</b>

ATTACHMENT D  
STAFF REPORT CASE NO. 99-417  
ANALYSIS OF CASH FLOW

Test Year Operating Revenues	\$ 1,091,117
Add: Recommended Revenue Increase	<u>143,598</u>
Recommended Total Operating Revenue	\$ 1,234,715
Add: Interest Income	46,757
Non-utility Income	9,008
Recommended Total Revenues	\$ 1,290,480
Less: Recommended Operating Expenses	988,520
Annual Debt Service	310,957
.1 Debt Service Coverage	<u>31,096</u>
Recommended Operating Income	\$ (40,093)
Add back: Depreciation Expense	<u>256,015</u>
Cash Flow	<u>\$ 215,922</u>

Current Rate Design. Jackson County's current retail rate design is a 5-step declining block schedule with usage increments of 1,000 gallons, 4,000 gallons, 5,000 gallons, 10,000 gallons, and over 20,000 gallons.

Jackson County submitted a proposal to reduce its 5-step declining block rate schedule to a 2-step declining block rate schedule with usage increments of 1,000 gallons and over 1,000 gallons. Jackson County's proposal would increase the minimum usage amount by 18.2 percent and increase the cost for usage of 100,000 gallons by 72.3 percent.

Jackson County has three wholesale customers, the City of McKee ("McKee"), Rockcastle County Water Association ("Rockcastle"), and the City of Beattyville ("Beattyville"). Jackson County has a flat per 1,000 gallon wholesale rate for each of its wholesale customers. Jackson County proposed to increase the rates of its wholesale customers as follows: McKee from \$1.10 to \$1.50; Rockcastle from \$1.48 to \$1.79; and Beattyville from \$1.28 to \$1.66.

Wholesale Rate. Jackson County filed a cost of service study allocating expenses to each wholesale customer. Commission Staff made adjustments to the study to reflect the usage obtained from its billing analysis and to reflect Sand Gap truck sales. Staff's cost of service study is shown at Attachment F.

The first step in preparing the cost of service study was to determine the wholesale rates. Commission Staff first determined the amount of water produced and sold shown at Sheet 1. Jackson County sold 12,289,100 gallons to McKee; 3,542,000 gallons to Rockcastle; and 3,989,000 gallons to Beattyville. Jackson County reported utility use of 8.06 percent and line loss of 6.04 percent. However based on Staff's billing

analysis and the inclusion of the Sand Gap truck sales, line loss has been adjusted to 3.90 percent.

Commission Staff then allocated the inch miles of line that were jointly used by Jackson County and each of its wholesale customers. The wholesale allocations factors shown at Sheet 2 were based on the ratio of sales to each wholesale customer to total sales and the ratio of total system miles of line to each wholesale customers jointly used miles of line. Water production factors of .0523 for McKee; .0151 for Rockcastle; and .0170 for Beattyville; and transmission factors of .0026 for McKee; .0021 for Rockcastle; and .0016 for Beattyville were determined to be the factors to be used in allocating costs to the wholesale customers.

Sheet 3 shows the allocation of depreciation.

Staff's allocation of wholesale costs (Sheet 4) shows the total costs of Jackson County, the allocation factors used to allocated each cost, and the dollar amount allocated to each wholesale customer. All of the wholesale costs are then subtracted from the total cost to determine the cost to be paid by the retail customers. The wholesale cost is then divided by the total gallons sold to each wholesale customer to determine the wholesale customer's rate. Based upon Staff's cost of service study, the rate for McKee should be \$1.47 per 1,000 gallons. The rate for Rockcastle should be \$1.79 per 1,000 gallons. The rate for Beattyville should be \$1.63 per 1,000 gallons.

Retail Rates. Jackson County filed a study setting out proposed rates for its retail customers. The first 1,000 gallon increment included all debt service coverage and depreciation expense. The over 1,000 gallon increment included all operation and maintenance costs. By including customer costs in the operation and maintenance

expense, fixed costs such as meter reading and billing and collecting were allocated on a per 1,000 gallon basis. In other words, customers who use 100,000 gallons would pay 100 times more postage expense than customers who use 1,000 gallons.

Commission Staff prepared a cost of service study for Jackson County's retail customers based on the commodity demand methodology as set out in the American Water Works Association's ("AWWA") Manual M-1. This study recognizes that a utility must be prepared for meeting peak demand requirements as well as the average water use needs. In other words, a system must be sized to meet the demand of the residential customers who tend to place a larger demand on the system than very large customers. The large consumers use water throughout the day and night and generally place a smaller demand on the system than residential customers who use water for a few hours each day.

The commodity demand method allocates costs into either commodity or customer functions. Commodity costs are those costs that vary directly with the quantity of water produced such as chemicals, purchased water, and purchased power. Demand costs are associated with providing facilities to meet the peak demands placed on the system. These costs include transmission and distribution costs. Customer costs are those associated directly with serving the customers regardless of the amount of water used. These costs include meter reading and billing and collecting.

Sheet 5 shows the allocation of expenses to the functional cost components. Administrative and general expenses are allocated to the cost components based on the subtotal of all other expenses, excluding commodity costs.

Once operating and maintenance expense has been allocated, all other expenses and income must be allocated to the functional categories. Sheet 6 is the allocation of expenses and other revenue based on Jackson County's revenue requirement (Sheet 5). Sheet 6 shows that \$276,162 should be collected from the commodity category, \$813,900 from the demand category, and \$103,815 from the customer category.

After costs have been allocated by function, a billing analysis must be reviewed to study the usage patterns of the customers of a utility. The usage patterns of Jackson County's retail customers are shown at Sheet 7.

Jackson County proposed to change its rate schedule to first 1,000 gallons and over 1,000 gallons. However, based on Jackson County's customers usage patterns, Staff proposes that the current rate schedule be changed to a 4-step declining block schedule with usage increments at first 2,000 gallons, next 18,000 gallons, next 30,000 gallons, and over 50,000 gallons. Staff is of the opinion that a 4-step rate schedule will alleviate some of the "rate shock" for the customers who use over 20,000 gallons who, based on the cost of service study, have not been paying their share of the costs.

Sheet 8 shows the calculations of the retail water rates, and Sheet 9 is a verification schedule showing that the rates produced by the cost of service study will in fact produce the correct amount of revenue. Sheet 10 is a comparison of Jackson County's current rates and the cost of service rates. This comparison shows that the customers with an average usage of 4,200 gallons will receive a slight increase of 0.89 percent while customers using over 20,000 gallons will receive significantly larger increases. However, it should be noted that 9 percent of Jackson County's total water

sales is over the 20,000 gallons usage increment and this increase would effect 1 percent of Jackson County's residential customers. Sheet 11 shows Staff's recommended rates.

Attachment G is a cost of service study for Jackson County Water Association performed in the same manner as the study at Attachment F. The only difference in this cost of service study is that it allows for full depreciation in the amount of \$256,015 and debt service in the amount of \$342,053. In Attachment F, depreciated was decreased by \$31,891 from \$256,015 to \$224,124 and debt service was decreased by \$8,202 from \$342,053 to \$333,851 in order to achieve the utility requested revenue.

Non-recurring Charges. Jackson County also proposed to increase and establish certain non-recurring charges. After reviewing Jackson County's cost justification for these non-recurring charges, Staff believes that the proposed charges should be approved. However, when reviewing Jackson County's tariff, Staff noted that its tariff was outdated and included several items that needed revisions such as incorrect language on interest to be paid on customer deposits. Staff has prepared a new tariff for Jackson County making several necessary revisions and including language for the non-recurring charges. Jackson County should review the tariff and make sure it is in agreement with Staff. In such case, Jackson County should file the tariff shown at Attachment H at the conclusion of this case.

# Cost of Service Study

## Utility Requested Revenue

<b>Wholesale Rate Allocations</b>	<b>Sheet 1 - Sheet 4</b>
<b>Retail Rate Allocations</b>	<b>Sheet 5 - Sheet 8</b>
<b>Verification of Recommended Rates</b>	<b>Sheet 9</b>
<b>Comparison of Current &amp; Cost of Service Rates</b>	<b>Sheet 10</b>
<b>Recommended Rates</b>	<b>Sheet 11</b>

ATTACHMENT F  
 STAFF REPORT CASE NO. 99-417  
 COST OF SERVICE STUDY

**Total Water Produced and Sold**

	<b>Gallons</b>	<b>Percent</b>
Sales to Retail	204,407,100	
Truck Sales	1,080,000	
Sales to Wholesale		
City of McKee	12,289,100	
Rockcastle Co Water Assoc	3,542,000	
City of Beatyville	3,989,000	
Total Water Produced and Purchased	288,801,000	
Total Sold	225,307,200	
Free Water	108,000	
Plant Use	28,850,200	
Utility Use	23,269,500	8.06%
Line Loss	11,266,100	3.90%

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

## Wholesale Allocation Factors

		Multiplier
Plant Use Percentage	0.08	
Line Loss Percentage	0.04	
Joint Share of Plant Use & Line Loss	$1.0 \times .04 + .08$	0.12
Jackson Co Water Production Multiplier	1/1-.12	1.1364
Wholesale Inch Mile Ratio		
City of McKee	58.8/1238.5	0.0475
Rockcastle Co Water Assoc	164.4/1238.5	0.1327
City of Beattyville	113.8/1238.5	0.0919
Wholesale Share of Line Loss		
City of McKee	$.0475 \times .04 + .08$	0.0819
Rockcastle Co Water Assoc	$.1327 \times .04 + .08$	0.0853
City of Beattyville	$.0919 \times .04 + .08$	0.0837
Production Multiplier		
City of McKee	1 / 1-.0819	1.0892
Rockcastle Co Water Assoc	1/1-.0853	1.0933
City of Beattyville	1/1-.0837	1.0913
Production Allocation Factor		
City of McKee	$12,289,100/225,307,200 \times (1.0892/1.1364)$	0.0523
Rockcastle Co Water Assoc	$3,542,000/225,307,200 \times (1.0933/1.1364)$	0.0151
City of Beattyville	$3,989,000/225,307,200 \times (1.0913/1.1364)$	0.0170
Pipeline Transmission Factor		

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

City of McKee	$(12,289,100/225,307,200) \times .0475$	0.0026
Rockcastle Co Water Assoc	$(3,542,000/225,307,200) \times .1327$	0.0021
City of Beattyville	$(3,989,000/225,307,200) \times .0919$	0.0016

**Allocation of Depreciation**

**Utility Requested Revenue**

		Percent	Redistributed General Plant	Depreciation by Function
Water Supply & Treatment	\$47,889	23.96%	\$5,805	\$53,694
Distribution Reservoirs	19,092	9.55%	2,314	21,406
Trans/Dist Mains	120,865	60.46%	14,648	135,513
Meters & Services	12,051	6.03%	1,460	13,511
General Plant	24,227			
<b>Total Depreciation</b>	<b>\$224,124</b>		<b>\$24,227</b>	<b>\$224,124</b>

Note: Total Depreciation reduced 12.46% to achieve utility revenue requirement.

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES**

**Utility Requested Revenue**

	Total	McKee Allocation Factor	McKee	Rockcastle Allocation Factor	Rockcastle	Beattyville Allocation Factor
Salaries						
Supply/Treatment	\$74,476	0.0523	\$3,895	0.0151	\$1,125	0.0170
Transmission/Distribution	115,642	0.0026	301	0.0021	243	0.0016
Customer Accounts	60,780	0.0000	0	0.0000	0	0.0000
Administrative/General	35,339	0.0026	92	0.0021	74	0.0016
Employee Pension/Benefits						
Supply/Treatment	14,683	0.0523	768	0.0151	222	0.0170
Transmission/Distribution	22,796	0.0026	59	0.0021	48	0.0016
Customer Accounts	11,979	0.0000	0	0.0000	0	0.0000
Administrative/General	6,968	0.0026	18	0.0021	15	0.0016
Insurance - Worker's Comp						
Supply/Treatment	1,891	0.0523	99	0.0151	29	0.0170
Transmission/Distribution	2,937	0.0026	8	0.0021	6	0.0016
Customer Accounts	1,543	0.0000	0	0.0000	0	0.0000
Administrative/General	898	0.0026	2	0.0021	2	0.0016
Taxes other than Income - Payroll						
Supply/Treatment	6,102	0.0523	319	0.0151	92	0.0170
Transmission/Distribution	9,475	0.0026	25	0.0021	20	0.0016
Customer Accounts	4,979	0.0000	0	0.0000	0	0.0000
Administrative/General	2,897	0.0026	8	0.0021	6	0.0016
Purchased Power						
Supply/Treatment	36,070	0.0523	1,886	0.0151	545	0.0170
Transmission/Distribution	24,689	0.0026	64	0.0021	52	0.0016
Chemicals	58,293	0.0523	3,049	0.0151	880	0.0170
Materials & Supplies						
Transmission/Distribution	105,229	0.0026	274	0.0021	221	0.0016
Customer Accounts	16,923	0.0000	0	0.0000	0	0.0000
Transportation Expense	13,164	0.0026	34	0.0021	28	0.0016
Insurance						
Vehicle	3,648	0.0026	9	0.0021	8	0.0016
General Liability	3,648	0.0026	9	0.0021	8	0.0016
Other	2,158	0.0026	6	0.0021	5	0.0016
Contractual Services						
Accounting	5,995	0.0026	16	0.0021	13	0.0016
Other	33,725	0.0026	88	0.0021	71	0.0016
Bad Debt Expense	12,480	0.0000	0	0.0000	0	0.0000
Miscellaneous Expense						
Transmission/Distribution	10,956	0.0026	28	0.0021	23	0.0016
Administrative/General	28,324	0.0026	74	0.0021	59	0.0016
Taxes other than Income	\$3,818	0.0026	\$10	0.0021	\$8	0.0016
<b>Total Operation/Maintenance</b>	<b>\$732,505</b>		<b>\$11,141</b>		<b>\$3,803</b>	

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

Depreciation						
Supply/Treatment	53,694	0.0523	2,808	0.0151	811	0.0170
Dist Reservoirs & Standpipes	21,406	0.0026	56	0.0021	45	0.0016
Transmission/Distribution	135,513	0.0026	352	0.0021	285	0.0016
Meters & Services	13,511	0.0000	0	0.0000	0	0.0000
Debt Service						
Supply/Treatment	56,411	0.0523	2,950	0.0151	852	0.0170
Transmission/Distribution	255,440	0.0026	664	0.0021	536	0.0016
Meters & Services	22,000	0.0000	0	0.0000	0	0.0000
<b>Total - Utility Req Revenue</b>	<b>\$1,290,480</b>		\$17,971		\$6,332	
<b>Rate to Wholesale</b>			<b>\$1.47</b>		<b>\$1.79</b>	

Note: Depreciation reduced \$31,891 to achieve utility requested revenue.

Note: Debt Service reduced \$8,202 to achieve utility requested revenue.

Note: Rates to McKee and Beattyville each increased \$0.01 to obtain revenue required.

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**ALLOCATION OF RETAIL OPERATION AND MAINTENANCE EXPENSES**  
**Utility Requested Revenue**

	<b>Total</b>	<b>Commodity</b>	<b>Demand</b>	<b>Customer</b>
Salaries				
Supply/Treatment	\$68,190	\$68,190		
Transmission/Distribution	114,913		114,913	
Customer Accounts	60,780			60,780
Employee Pension/Benefits				
Supply/Treatment	13,443	13,443		
Transmission/Distribution	22,653		22,653	
Customer Accounts	11,979			11,979
Insurance - Worker's Comp				
Supply/Treatment	1,731	1,731		
Transmission/Distribution	2,918		2,918	
Customer Accounts	1,543			1,543
Taxes other than Income - Payroll				
Supply/Treatment	5,587	5,587		
Transmission/Distribution	9,415		9,415	
Customer Accounts	4,979			4,979
Purchased Power				
Supply/Treatment	33,026	33,026		
Transmission/Distribution	24,533		24,533	
Chemicals	53,373	53,373		
Materials & Supplies				
Transmission/Distribution	104,566		104,566	
Customer Accounts	16,923			16,923
Misc Expense-Trans/Distribution	10,887		10,887	
<b>Subtotal</b>	561,439	175,350	289,885	96,204
<b>Less Commodity</b>	(175,350)			
<b>Total</b>	\$386,089		\$289,885	\$96,204
<b>Percentages</b>	100.00%		75.08%	24.92%
<b>Administrative/General</b>				
Salaries	35,116		26,365	8,751
Employee Pension/Benefits	6,924		5,199	1,725
Insurance-Worker's Comp	893		670	223
Taxes other than Income - Payroll	2,878		2,161	717
Transportation Expense	13,081		9,821	3,260
Insurance			0	0
Vehicle	3,625		2,722	903
General Liability	3,625		2,722	903
Other	2,144		1,610	534
Contractual Services			0	0
Accounting	5,956		4,472	1,484
Other	33,512		25,161	8,351
Bad Debt Expense	12,480		9,370	3,110
Miscellaneous Expense	28,146		21,132	7,014
Taxes other than Income	\$3,794		2,849	945

ATTACHMENT F  
 STAFF REPORT CASE NO. 99-417  
 COST OF SERVICE STUDY

<b>Total Operation/Maintenance</b>	\$713,613	175,350	404,139	134,124
Depreciation				
Supply/Treatment	49,162	49,162		
Dist Reservoirs & Standpipes	21,271		21,271	
Transmission/Distribution	134,659		134,659	
Meters & Services	13,511			13,511
Debt Service				
Supply/Treatment	51,650	51,650		
Transmission/Distribution	253,831		253,831	
Meters & Services	22,000			22,000
<b>Total - Utility Request Revenue Required - Retail Rates</b>	<b>\$1,259,697</b>	<b>\$276,162</b>	<b>\$813,900</b>	<b>\$169,635</b>

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**ALLOCATION OF RETAIL COST OF SERVICE**  
Utility Requested Revenue

	<b>Total</b>	<b>Commodity</b>	<b>Demand</b>	<b>Customer</b>
Operation & Maintenance	\$713,613	\$175,350	\$404,139	\$134,124
Depreciation	218,603	49,162	155,930	13,511
Debt Service	327,481	51,650	253,831	22,000
General Water Service Cost-Retail	1,259,697	276,162	813,900	169,635
Less: Interest Income	(46,757)			(46,757)
Less: Nonutility Income	(9,008)			(9,008)
Less: Miscellaneous Service	(7,895)			(7,895)
Less: Truck Sales	(2,160)			(2,160)
<b>Revenue Required from Retail Rates</b>	1,193,877	276,162	813,900	103,815
Wholesale Revenue	30,783			
<b>Total Revenue Required from Rates</b>	\$1,224,660			

ATTACHMENT F  
 STAFF REPORT CASE NO. 99-417  
 COST OF SERVICE STUDY

**CALCULATION OF RETAIL WATER RATES**  
 Utility Requested Revenue

	Total	First 2,000	Next 18,000	Next 30,000	Over 50,000
Actual Water Sales:					
Thousand Gallons	214,487,100	79,823,500	115,135,200	8,083,500	11,444,900
	100.00%	37.216%	53.679%	3.769%	5.336%
Weighted Sales for Demand:					
Thousand Gallons	374,118,739	159,647,000	192,275,784	10,751,055	11,444,900
Percent	100.00%	42.673%	51.394%	2.874%	3.059%
Allocation of Volumetric Costs:					
Commodity	\$276,162	\$102,776	\$148,241	\$10,409	\$14,736
Demand	813,900	347,316	418,296	23,391	24,897
Customer	103,815	103,815			
Total	\$1,193,877	\$553,907	\$566,537	\$33,800	\$39,633
Number of Bills		46,479			
<b>Proposed Rates</b>		<b>\$11.92</b>	<b>\$4.92</b>	<b>\$4.18</b>	<b>\$3.46</b>

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**VERIFICATION OF RATES**

Utility Requested Revenue

	Bills	Gallons	Rate	Revenue
<b>5/8" x 3/4" Meters</b>				
First 2,000 gallons	46113		11.90	548,744.70
Next 18,000 gallons		110,939,300	4.90	543,602.57
Next 30,000 gallons		4,221,300	4.13	17,433.97
Over 50,000 gallons		686,800	3.40	2,335.12
<b>1" Meters</b>				
First 5,000 gallons	156		26.60	4,149.60
Next 15,000 gallons		968,300	4.90	4,744.67
Next 30,000 gallons		586,900	4.13	2,423.90
Over 50,000 gallons		136,200	3.40	463.08
<b>1 1/2" Meters</b>				
First 10,000 gallons	84		51.10	4,292.40
Next 10,000 gallons		583,700	4.90	2,860.13
Next 30,000 gallons		1,343,700	4.13	5,549.48
Over 50,000 gallons		3,529,800	3.40	12,001.32
<b>2" Meters</b>				
First 20,000 gallons	95		100.10	9,509.50
Next 30,000 gallons		1,211,600	4.13	5,003.91
Over 50,000 gallons		3,395,400	3.40	11,544.36
<b>3" Meters</b>				
First 30,000 gallons	12		141.40	1,696.80
Next 20,000 gallons		240,000	4.13	991.20
Over 50,000 gallons		1,374,700	3.40	4,673.98
<b>4" Meters</b>				
First 40,000 gallons	19		182.70	3,471.30
Next 10,000 gallons		120,000	4.13	495.60
Over 50,000 gallons		2,322,000	3.40	7,894.80
	46479			
<b>Revenue from Retail Rates</b>				<b>\$1,193,882.39</b>
<b>Wholesale Revenue</b>				
City of McKee		12,289,100	1.47	18,064.98
Rockcastle Co Water Assoc		3,542,000	1.79	6,340.18
City of Beattyville		3,989,000	1.63	6,502.07
<b>Total Revenue from Rates</b>				<b>1,224,789.62</b>

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

Interest Income				46,757.00
Nonutility Income				9,008.00
Miscellaneous Service				7,895.00
Truck Sales				2,160.00
<b>Total Revenue</b>				<b>\$1,290,609.62</b>

Note: First 2,000 reduced \$0.02; Next 18,000 reduced \$0.02; Next 30,000 reduced \$0.05 and  
Over 50,000 reduced \$0.06 to obtain revenue requirement.

**COMPARISON OF RETAIL RATES**  
Utility Requested Revenue

Gallon Usage	Current Rates	Cost of Service Rates	Increase	Percentage
1000	\$10.00	\$11.90	\$1.90	19.00%
2000	13.90	11.90	-\$2.00	-14.39%
3000	17.80	16.80	-\$1.00	-5.62%
4000	21.70	21.70	\$0.00	0.00%
<b>4200</b>	<b>22.48</b>	<b>22.68</b>	<b>\$0.20</b>	<b>0.89%</b>
5000	25.60	26.60	\$1.00	3.91%
6000	28.75	31.50	\$2.75	9.57%
7000	31.90	36.40	\$4.50	14.11%
8000	35.05	41.30	\$6.25	17.83%
9000	38.20	46.20	\$8.00	20.94%
10000	41.35	51.10	\$9.75	23.58%
12000	46.45	60.90	\$14.45	31.11%
20000	66.85	100.10	\$33.25	49.74%
25000	76.35	120.75	\$44.40	58.15%
30000	85.85	141.40	\$55.55	64.71%
35000	95.35	162.05	\$66.70	69.95%
50000	123.85	224.00	\$100.15	80.86%
75000	171.35	309.00	\$137.65	80.33%
100000	218.85	394.00	\$175.15	80.03%
200000	408.85	734.00	\$325.15	79.53%
300000	598.85	1,074.00	\$475.15	79.34%

ATTACHMENT F  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

500000	978.85	1,754.00	\$775.15	79.19%
1000000	1,928.85	3,454.00	\$1,525.15	79.07%

**Jackson County Water Association  
Recommended Rates  
Utility Requested Revenue**

**Monthly Water Rates**

<b><u>3/4 inch Meter</u></b>		
First 2,000 gallons	\$11.90	per month
Next 18,000 gallons	4.90	per 1,000 gallons
Next 30,000 gallons	4.13	per 1,000 gallons
Over 50,000 gallons	3.40	per 1,000 gallons
<b><u>1 inch meter</u></b>		
First 5,000 gallons	\$26.60	per month
Next 15,000 gallons	4.90	per 1,000 gallons
Next 30,000 gallons	4.13	per 1,000 gallons
Over 50,000 gallons	3.40	per 1,000 gallons
<b><u>1 1/2 inch meter</u></b>		
First 10,000 gallons	\$51.10	per month
Next 10,000 gallons	4.90	per 1,000 gallons
Next 30,000 gallons	4.13	per 1,000 gallons
Over 50,000 gallons	3.40	per 1,000 gallons
<b><u>2 inch meter</u></b>		
First 20,000 gallons	\$100.10	per month
Next 30,000 gallons	4.13	per 1,000 gallons
Over 50,000 gallons	3.40	per 1,000 gallons
<b><u>3 inch meter</u></b>		
First 30,000 gallons	\$141.40	per month
Next 20,000 gallons	4.13	per 1,000 gallons
Over 50,000 gallons	3.40	per 1,000 gallons
<b><u>4 inch meter</u></b>		
First 40,000 gallons	\$182.70	per month
Next 10,000 gallons	4.13	per 1,000 gallons
Over 50,000 gallons	3.40	per 1,000 gallons
<b><u>Truck Sales</u></b>		
Sand Gap	\$2.00	per 1,000 gallons
<b><u>Wholesale</u></b>		
City of McKee	\$1.47	per 1,000 gallons
Rockcastle Co Water Association	\$1.79	per 1,000 gallons
City of Beatyville	\$1.63	per 1,000 gallons

# Cost of Service Study

## Staff Revenue Requirement

Wholesale Rate Allocations	Sheet 1 - Sheet 2
Retail Rate Allocations	Sheet 3 - Sheet 5
Verification of Recommended Rates	Sheet 6
Comparison of Current & Cost of Service Rates	Sheet 7
Recommended Rates	Sheet 8

ATTACHMENT G  
 STAFF REPORT CASE NO. 99-417  
 COST OF SERVICE STUDY

<b>Allocation of Depreciation Staff Revenue Requirement</b>				
		Percent	Redistributed General Plant	Depreciation by Function
Water Supply & Treatment	\$54,704	23.96%	\$6,631	\$61,335
Distribution Reservoirs	21,809	9.55%	2,643	24,452
Trans/Dist Mains	138,063	60.46%	16,732	154,795
Meters & Services	13,765	6.03%	1,669	15,434
General Plant	27,674			
<b>Total Depreciation</b>	\$256,015		\$27,675	\$256,016
Less General Plant	-\$27,674			
Depreciation	\$228,341			

ATTACHMENT H  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES**

**Staff Revenue Requirement**

	<b>Total</b>	<b>McKee Allocation Factor</b>	<b>McKee</b>	<b>Rockcastle Allocation Factor</b>	<b>Rock-castle</b>	<b>Beattyville Allocation Factor</b>
Salaries						
Supply/Treatment	\$74,476	0.0523	\$3,895	0.0151	\$1,125	0.017
Transmission/Distribution	115,642	0.0026	301	0.0021	243	0.001
Customer Accounts	60,780	0.0000	0	0.0000	0	0.000
Administrative/General	35,339	0.0026	92	0.0021	74	0.001
Employee Pension/Benefits						
Supply/Treatment	14,683	0.0523	768	0.0151	222	0.017
Transmission/Distribution	22,796	0.0026	59	0.0021	48	0.001
Customer Accounts	11,979	0.0000	0	0.0000	0	0.000
Administrative/General	6,968	0.0026	18	0.0021	15	0.001
Insurance - Worker's Comp						
Supply/Treatment	1,891	0.0523	99	0.0151	29	0.017
Transmission/Distribution	2,937	0.0026	8	0.0021	6	0.001
Customer Accounts	1,543	0.0000	0	0.0000	0	0.000
Administrative/General	898	0.0026	2	0.0021	2	0.001
Taxes other than Income - Payroll						
Supply/Treatment	6,102	0.0523	319	0.0151	92	0.017
Transmission/Distribution	9,475	0.0026	25	0.0021	20	0.001
Customer Accounts	4,979	0.0000	0	0.0000	0	0.000
Administrative/General	2,897	0.0026	8	0.0021	6	0.001
Purchased Power						
Supply/Treatment	36,070	0.0523	1,886	0.0151	545	0.017
Transmission/Distribution	24,689	0.0026	64	0.0021	52	0.001
Chemicals	58,293	0.0523	3,049	0.0151	880	0.017
Materials & Supplies						
Transmission/Distribution	105,229	0.0026	274	0.0021	221	0.001
Customer Accounts	16,923	0.0000	0	0.0000	0	0.000
Transportation Expense	13,164	0.0026	34	0.0021	28	0.001
Insurance						
Vehicle	3,648	0.0026	9	0.0021	8	0.001
General Liability	3,648	0.0026	9	0.0021	8	0.001
Other	2,158	0.0026	6	0.0021	5	0.001
Contractual Services						
Accounting	5,995	0.0026	16	0.0021	13	0.001
Other	33,725	0.0026	88	0.0021	71	0.001
Bad Debt Expense	12,480	0.0000	0	0.0000	0	0.000
Miscellaneous Expense						
Transmission/Distribution	10,956	0.0026	28	0.0021	23	0.001
Administrative/General	28,324	0.0026	74	0.0021	59	0.001
Taxes other than Income	\$3,818	0.0026	\$10	0.0021	\$8	0.001
<b>Total Operation/Maintenance</b>	<b>\$732,505</b>		<b>\$11,141</b>		<b>\$3,803</b>	
Depreciation						
Supply/Treatment	61,335	0.0523	3,208	0.0151	926	0.017

ATTACHMENT H  
 STAFF REPORT CASE NO. 99-417  
 COST OF SERVICE STUDY

Dist Reservoirs & Standpipes	24,452	0.0026	64	0.0021	51	0.001
Transmission/Distribution	154,795	0.0026	402	0.0021	325	0.001
Meters & Services	15,433	0.0000	0	0.0000	0	0.000
Debt Service						
Supply/Treatment	57,797	0.0523	3,023	0.0151	873	0.017
Transmission/Distribution	261,716	0.0026	680	0.0021	550	0.001
Meters & Services	22,540	0.0000	0	0.0000	0	0.000
<b>Total - Utility Req Revenue</b>	<b>\$1,330,573</b>		\$18,518		\$6,528	
<b>Rate to Wholesale</b>			<b>\$1.51</b>		<b>\$1.85</b>	

Note: Rockcastle and Beattyville rate each increased \$0.01 to obtain revenue required.

ATTACHMENT H  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**ALLOCATION OF RETAIL OPERATION AND MAINTENANCE EXPENSES**  
**Staff Revenue Requirement**

	<b>Total</b>	<b>Commodity</b>	<b>Demand</b>	<b>Customer</b>
Salaries				
Supply/Treatment	\$68,190	\$68,190		
Transmission/Distribution	114,913		114,913	
Customer Accounts	60,780			60,780
Employee Pension/Benefits				
Supply/Treatment	13,443	13,443		
Transmission/Distribution	22,653		22,653	
Customer Accounts	11,979			11,979
Insurance - Worker's Comp				
Supply/Treatment	1,731	1,731		
Transmission/Distribution	2,918		2,918	
Customer Accounts	1,543			1,543
Taxes other than Income - Payroll				
Supply/Treatment	5,587	5,587		
Transmission/Distribution	9,415		9,415	
Customer Accounts	4,979			4,979
Purchased Power				
Supply/Treatment	33,026	33,026		
Transmission/Distribution	24,533		24,533	
Chemicals	53,373	53,373		
Materials & Supplies				
Transmission/Distribution	104,566		104,566	
Customer Accounts	16,923			16,923
Misc Expense-Trans/Distribution	10,887		10,887	
<b>Subtotal</b>	561,439	175,350	289,885	96,204
<b>Less Commodity</b>	(175,350)			
<b>Total</b>	\$386,089		\$289,885	\$96,204
<b>Percentages</b>	100.00%		75.08%	24.92%
<b>Administrative/General</b>				
Salaries	35,116		26,365	8,751
Employee Pension/Benefits	6,924		5,199	1,725
Insurance-Worker's Comp	893		670	223
Taxes other than Income - Payroll	2,878		2,161	717
Transportation Expense	13,081		9,821	3,260
Insurance			0	0
Vehicle	3,625		2,722	903
General Liability	3,625		2,722	903
Other	2,144		1,610	534
Contractual Services			0	0
Accounting	5,956		4,472	1,484
Other	33,512		25,161	8,351
Bad Debt Expense	12,480		9,370	3,110
Miscellaneous Expense	28,146		21,132	7,014

ATTACHMENT H  
 STAFF REPORT CASE NO. 99-417  
 COST OF SERVICE STUDY

Taxes other than Income	\$3,794		2,849	945
<b>Total Operation/Maintenance</b>	\$713,613	175,350	404,139	134,124
Depreciation				
Supply/Treatment	56,158	56,158		
Dist Reservoirs & Standpipes	24,298		24,298	
Transmission/Distribution	153,820		153,820	
Meters & Services	15,433			15,433
Debt Service				
Supply/Treatment	52,918	52,918		
Transmission/Distribution	260,067		260,067	
Meters & Services	22,540			22,540
<b>Total - Utility Request Revenue Required - Retail Rates</b>	<b>\$1,298,847</b>	<b>\$284,426</b>	<b>\$842,324</b>	<b>\$172,097</b>

ATTACHMENT H  
 STAFF REPORT CASE NO. 99-417  
 COST OF SERVICE STUDY

**ALLOCATION OF RETAIL COST OF SERVICE**  
 Staff Revenue Requirement

	<b>Total</b>	<b>Commodity</b>	<b>Demand</b>	<b>Customer</b>
Operation & Maintenance	\$713,613	\$175,350	\$404,139	\$134,124
Depreciation	249,709	56,158	178,118	15,433
Debt Service	335,525	52,918	260,067	22,540
General Water Service Cost-Retail	1,298,847	284,426	842,324	172,097
Less: Interest Income	(46,757)			(46,757)
Less: Nonutility Income	(9,008)			(9,008)
Less: Miscellaneous Service	(7,895)			(7,895)
Less: Truck Sales	(2,160)			(2,160)
<b>Revenue Required from Retail Rates</b>	1,233,027	284,426	842,324	106,277
Wholesale Revenue	31,726			
<b>Total Revenue Required from Rates</b>	\$1,264,753			

ATTACHMENT H  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**CALCULATION OF RETAIL WATER RATES**  
Staff Revenue Requirement

	Total	First 2,000	Next 18,000	Next 30,000	Over 50,000
Actual Water Sales:					
Thousand Gallons	214,487,100	79,823,500	115,135,200	8,083,500	11,444,900
	100.00%	37.216%	53.679%	3.769%	5.336%
Weighted Sales for Demand:					
Thousand Gallons	374,118,739	159,647,000	192,275,784	10,751,055	11,444,900
Percent	100.00%	42.673%	51.394%	2.874%	3.059%
Allocation of Volumetric Costs:					
Commodity	\$284,426	\$105,852	\$152,677	\$10,720	\$15,177
Demand	842,324	359,445	432,904	24,208	25,767
Customer	106,277	106,277			
Total	\$1,233,027	\$571,574	\$585,581	\$34,928	\$40,944
Number of Bills		46,479			
<b>Proposed Rates</b>		<b>\$12.30</b>	<b>\$5.09</b>	<b>\$4.32</b>	<b>\$3.58</b>

ATTACHMENT H  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**VERIFICATION OF RATES**  
Staff Revenue Requirement

	<b>Bills</b>	<b>Gallons</b>	<b>Rate</b>	<b>Revenue</b>
<b>5/8" x 3/4" Meters</b>				
First 2,000 gallons	46113		12.28	566,267.64
Next 18,000 gallons		110,939,300	5.06	561,352.86
Next 30,000 gallons		4,221,300	4.30	18,151.59
Over 50,000 gallons		686,800	3.54	2,431.27
<b>1" Meters</b>				
First 5,000 gallons	156		27.46	4,283.76
Next 15,000 gallons		968,300	5.06	4,899.60
Next 30,000 gallons		586,900	4.30	2,523.67
Over 50,000 gallons		136,200	3.54	482.15
<b>1 1/2" Meters</b>				
First 10,000 gallons	84		52.76	4,431.84
Next 10,000 gallons		583,700	5.06	2,953.52
Next 30,000 gallons		1,343,700	4.30	5,777.91
Over 50,000 gallons		3,529,800	3.54	12,495.49
<b>2" Meters</b>				
First 20,000 gallons	95		103.36	9,819.20
Next 30,000 gallons		1,211,600	4.30	5,209.88
Over 50,000 gallons		3,395,400	3.54	12,019.72
<b>3" Meters</b>				
First 30,000 gallons	12		146.36	1,756.32
Next 20,000 gallons		240,000	4.30	1,032.00
Over 50,000 gallons		1,374,700	3.54	4,866.44
<b>4" Meters</b>				
First 40,000 gallons	19		189.36	3,597.84
Next 10,000 gallons		120,000	4.30	516.00
Over 50,000 gallons		2,322,000	3.54	8,219.88
	46479			
<b>Revenue from Retail Rates</b>				<b>\$1,233,088.58</b>
<b>Wholesale Revenue</b>				
City of McKee		12,289,100	\$1.51	18,556.54
Rockcastle Co Water Assoc		3,542,000	\$1.85	6,552.70
City of Beattyville		3,989,000	\$1.68	6,701.52
<b>Total Revenue from Rates</b>				<b>1,264,899.34</b>
Interest Income				46,757.00

ATTACHMENT H  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

Nonutility Income				9,008.00
Miscellaneous Service				7,895.00
Truck Sales				2,160.00
<b>Total Revenue</b>				<b>\$1,330,719.34</b>

Note: First 2,000 reduced \$0.02; Next 18,000 reduced \$0.03; Next 30,000 reduced \$0.02 and

Next 50,000 reduced \$0.04 to obtain revenue requirement.

ATTACHMENT H  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**COMPARISON OF RETAIL RATES**

Staff Revenue Requirement

Gallon Usage	Current Rates	Cost of Service Rates	Increase	Percentage
1000	\$10.00	\$12.28	\$2.28	22.80%
2000	13.90	12.28	-\$1.62	-11.65%
3000	17.80	17.34	-\$0.46	-2.58%
4000	21.70	22.40	\$0.70	3.23%
<b>4200</b>	<b>22.48</b>	<b>23.41</b>	<b>\$0.93</b>	<b>4.14%</b>
5000	25.60	27.46	\$1.86	7.27%
6000	28.75	32.52	\$3.77	13.11%
7000	31.90	37.58	\$5.68	17.81%
8000	35.05	42.64	\$7.59	21.65%
9000	38.20	47.70	\$9.50	24.87%
10000	41.35	52.76	\$11.41	27.59%
12000	46.45	62.88	\$16.43	35.37%
20000	66.85	103.36	\$36.51	54.61%
25000	76.35	124.86	\$48.51	63.54%
30000	85.85	146.36	\$60.51	70.48%
35000	95.35	167.86	\$72.51	76.05%
50000	123.85	232.36	\$108.51	87.61%
75000	171.35	320.86	\$149.51	87.25%
100000	218.85	409.36	\$190.51	87.05%
200000	408.85	763.36	\$354.51	86.71%
300000	598.85	1,117.36	\$518.51	86.58%
500000	978.85	1,825.36	\$846.51	86.48%
1000000	1,928.85	3,595.36	\$1,666.51	86.40%

ATTACHMENT H  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**Jackson County Water Association  
Recommended Rates  
Staff Revenue Requirement**

**Monthly Water Rates**

<b><u>3/4 inch Meter</u></b>			
First 2,000 gallons	\$12.28		per month
Next 18,000 gallons	5.06		per 1,000 gallons
Next 30,000 gallons	4.30		per 1,000 gallons
Over 50,000 gallons	3.54		per 1,000 gallons
<b><u>1 inch meter</u></b>			
First 5,000 gallons	\$27.46		per month
Next 15,000 gallons	5.06		per 1,000 gallons
Next 30,000 gallons	4.30		per 1,000 gallons
Over 50,000 gallons	3.54		per 1,000 gallons
<b><u>1 1/2 inch meter</u></b>			
First 10,000 gallons	\$52.76		per month
Next 10,000 gallons	5.06		per 1,000 gallons
Next 30,000 gallons	4.30		per 1,000 gallons
Over 50,000 gallons	3.54		per 1,000 gallons
<b><u>2 inch meter</u></b>			
First 20,000 gallons	\$103.36		per month
Next 30,000 gallons	4.30		per 1,000 gallons
Over 50,000 gallons	3.54		per 1,000 gallons
<b><u>3 inch meter</u></b>			
First 30,000 gallons	\$146.36		per month
Next 20,000 gallons	4.30		per 1,000 gallons
Over 50,000 gallons	3.54		per 1,000 gallons
<b><u>4 inch meter</u></b>			
First 40,000 gallons	\$189.36		per month
Next 10,000 gallons	4.30		per 1,000 gallons
Over 50,000 gallons	3.54		per 1,000 gallons
<b><u>Truck Sales</u></b>			
Sand Gap	\$2.00		per 1,000 gallons
<b><u>Wholesale</u></b>			
City of McKee	\$1.51		per 1,000 gallons
Rockcastle Co Water Association	\$1.85		per 1,000 gallons
City of Beatyville	\$1.68		per 1,000 gallons

ATTACHMENT H  
STAFF REPORT CASE NO. 99-417  
COST OF SERVICE STUDY

**Staff  
Recommended  
Tariff**

P.S.C. KY. NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

JACKSON COUNTY WATER ASSOCIATION

OF

P.O. BOX 232

TYNER, KENTUCKY

RATES, RULES, AND REGULATIONS FOR FURNISHING

WATER SERVICE

AT

JACKSON COUNTY, KENTUCKY

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

ISSUED \_\_\_\_\_, \_\_\_\_\_

EFFECTIVE \_\_\_\_\_, \_\_\_\_\_

ISSUED BY \_\_\_\_\_

Name of Utility

BY \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

CLASSIFICATION OF SERVICE

---

5/8" X 3/4" Meter

First 2,000 Gallons	\$11.90	Minimum Bill
Next 18,000 Gallons	4.90	per 1,000 Gallons
Next 30,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

1 Inch Meter

First 5,000 Gallons	\$26.60	Minimum Bill
Next 15,000 Gallons	4.90	per 1,000 Gallons
Next 30,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

1 1/2 Inch Meter

First 10,000 Gallons	\$51.10	Minimum Bill
Next 10,000 Gallons	4.90	per 1,000 Gallons
Next 30,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

2 Inch Meter

First 20,000 Gallons	\$100.10	Minimum Bill
Next 30,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

---

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ISSUED BY THE AUTHORITY BY AN ORDER OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY IN  
CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_.

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

CLASSIFICATION OF SERVICE

---

3 Inch Meter

First 30,000 Gallons	\$141.40	Minimum Bill
Next 20,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

4 Inch Meter

First 40,000 Gallons	\$182.70	Minimum Bill
Next 10,000 Gallons	4.13	per 1,000 Gallons
Over 50,000 Gallons	3.40	per 1,000 Gallons

Truck Sales (Sand Gap) \$2.00 per 1,000 Gallons

Wholesale:

City of McKee \$1.47 per 1,000 Gallons

Rockcastle County Water Association 1.79 per 1,000 Gallons

City of Beattyville 1.63 per 1,000 Gallons

---

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ISSUED BY THE AUTHORITY BY AN ORDER OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY IN  
CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_.

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

CLASSIFICATION OF SERVICE

---

METER CONNECTION/TAP-ON CHARGES:

5/8 Inch X 3/4 Inch  
All Larger Meters

\$400.00  
Actual Cost

---

---

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ISSUED BY THE AUTHORITY BY AN ORDER OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY IN  
CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_.

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

CLASSIFICATION OF SERVICE

---

NON-RECURRING CHARGES:

Connection/Turn-on Charge	36.00
Delinquent Account Disconnect	36.00
Field Collection Charge	36.00
Late Payment Penalty	10%
Meter Relocation Charge	Actual Cost
Meter Re-read Charge	36.00
Meter Test Charge	50.00
Re-connection Charge	36.00
Re-connection Charge (After Hours)	50.00*
Returned Check Charge	11.00
Service Call/Investigation	36.00
Service Call/Investigation (After Hours)	50.00*

**\*NOTE**— Services performed at any time other than during regular working hours will be subject to the after hours rate.

---

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ISSUED BY THE AUTHORITY BY AN ORDER OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY IN  
CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_.

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

The following are the rules and regulations of the Jackson County Water Association. These rules and regulations are subject to change by the Water Association at any time subject to the approval of the Public Service Commission.

- A. The schedule of rates prescribed herein shall be uniformly charged to all customers of the utility. No one shall receive or be entitled to free service by the utility.
- B. Complaints may be made to the manager of the utility, which shall have 30 days to issue a decision. Customers have the right to appeal that decision to the Public Service Commission in accordance with its rules and regulations.
- C. The Association will use reasonable diligence in supplying water service and shall make every effort to notify affected customers in the event of a service interruption and approximate time of service restoration.
- D. The service connection supplied by the Association for each customer has a definite capacity and no addition to the equipment or load connected thereto will be allowed except by consent of the Association. Failure to give notice of additions or changes in load and to obtain the Association's consent of the same, may render the customer liable for damage to any of the Association's lines or equipment caused by the additional or changed installation as determined by a court of law having jurisdiction over the parties.
- E. No customer shall resell water except under the terms of a special contract executed by the utility.
- F. All taps and connections to the mains of the utility shall be made by and/or under the direction and supervision of utility personnel and shall incur a meter connection/tap-on charge. Payment of said fee is for the privilege of connecting to the water system of the utility and the payment of such fee does not constitute the purchase of a water meter.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

---

RULES AND REGULATIONS

---

- G. After the mains have been installed, tested, and chlorinated to the satisfaction of the Kentucky Department of Health, the utility shall then be responsible for furnishing potable water to the extension and for maintenance of the lines including meters, meter boxes, and service lines from the main to the meter.
- H. The customer shall be financially responsible for the installation and maintenance of his/her service line plumbing, including a shut-off valve, installed on his/her property beginning at the outlet side of the water meter. The installation and maintenance of the water service line shall be in accordance with the rules and regulations of the Kentucky Department of Health. The customer may, at his/her own expense, install a back-flow preventer and/or pressure regulator.
- I. Under no circumstances shall a single meter serve more than one permanent residential dwelling on undivided property, nor shall one meter serve multiple residential dwellings located on divided property.
- J. A permanent single-family residential dwelling, including any agricultural/barn usage, along with one non-permanent residential dwelling may be supplied from the same water meter under the following circumstances:
1. Written notification is given to the utility upon connection of the additional residential dwelling.
  2. The customer agrees to a method of billing whereby one bill is sent to the main residence consisting of a charge for two minimum bills, with the remaining water consumption divided in half and charged in accordance with the approved rate schedule.
  3. The customer is responsible for payment of all water passing through his/her meter, regardless of which residential dwelling is responsible for the water consumption.
- K. A multi-family dwelling shall be defined as a permanent-structure housing two or more units that produce rental revenue. This includes duplexes, triplexes, and apartment buildings.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

Where multiple apartment buildings under separate roofs are built on the same lot, each building must have a minimum of one water meter. At the discretion of the property owner, subject to proper payment of meter connection/tap-on charges, each individual apartment unit within a building may have separate meters.

- L. Where a commercial, industrial, or any other business entity involves more than one structure on a single lot, and all structures are operated as one entity under one entity name, a request can be made by the property owner that a single meter be used to serve the entire entity. Otherwise, each commercial, industrial, or any other business entity excluding residential and apartment complexes must have a separate meter. Should such property cease to be operated as one entity under one name, it will be required that separate water meters and service lines be installed and paid for by the respective property owner.

\_\_\_\_\_  
\_\_\_\_\_  
DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

\_\_\_\_\_  
\_\_\_\_\_  
DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

- M. The utility may require a minimum cash deposit not to exceed 2/12ths of the customers actual or estimated bill, or other guaranty to secure payment of bills as set forth in 807 KAR 5:006 Section 7. Service may be refused or discontinued for failure to pay the required deposit.

Each time an individual has a water service in their name they are charged a deposit for each service. After a period of six months has passed, from the date the deposit was paid, the deposit is refundable, provided there are no delinquent accounts in the individual's name. This excludes the current bill. If an individual moves before the six months have elapsed, their deposit is refunded upon receipt of payment of the final bill. The amount of the deposit is an average of three months water bills; therefore, the amount of deposit may vary depending on meter size.

Interest, as prescribed by KRS 278.460, will be paid annually either by refund or credit to the customer's bill, except that no refund or credit will be made if the customer's bill is delinquent on the anniversary date of the deposit.

The Association will issue to every customer from whom a deposit is received, a certificate of deposit, showing the name of the customer, location of premises occupied and the date and amount of the deposit.

- N. Bills and notices relating to the conduct of the business of the utility will be mailed to the customer at the address listed on the user's agreement unless a change of address has been filed with the utility in writing. The utility shall not otherwise be responsible for delivery of any bill or notice nor will the customer be excused from the payment of any bill or any performance required in said notice.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

O. The utility shall abide by the following Billing, Collection, and Penalty policies:

1. Water service will be billed monthly on or about the last day of each month.
2. Meters will be read bimonthly between the 15th and the 25th of each month. Where meters are read bi-monthly, the consumption for the first month of each bimonthly meter reading period shall be determined by calculation on the basis of the customer's previous usage, considering factors such as variations in weather, the trend in seasonal usage, etc., in order to provide as nearly accurate a bill as possible without actually reading the meter. The consumption for the second month shall be determined by actual measurement taken from the customers meter and subtracting therefrom the calculated consumption.
3. Bills are due and payable at the Jackson County Water Plant on the date of issuance.
4. Payment must be received, not postmarked, before the close of business on the tenth day following issuance of the bill; otherwise, the delinquent bill will be assessed the late payment penalty approved and on-file with the Public Service Commission.
5. The late payment penalty will be assessed on the delinquent amount of the bill, less any taxes.
6. Complaints may be made to the operator of the system and may be appealed to the Board of Directors and the Public Service Commission.

P. The utility shall assess a charge for the following non-recurring services:

1. Connection/Turn-on Charge: Shall be assessed for new service turn-ons, seasonal turn-ons, or temporary service. The charge will not be made for initial installation of service where a meter connection/tap-on charge is applicable.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

2. Delinquent Account Disconnect: Shall be assessed if service is disconnected for nonpayment of bills.
3. Field Collection Charge: Shall be assessed when a utility representative visits the premises of the service connection to terminate service, and the customer is on-site and pays the bill to avoid termination of service.
4. Late Payment Penalty: Shall be assessed on the delinquent amount of the bill, less taxes, in accordance with 807 KAR 5:006, Section 8 (3) (h).
5. Meter Relocation Charge: Shall be assessed when a customer or other authorized person requests that a meter be relocated, changed, or modified. Those requesting said change shall reimburse the utility at actual costs, including but not limited to appropriate legal, administrative, engineering, overhead, or other related costs.
6. Meter Re-read Charge: Shall be assessed when a customer requests the utility to re-read the customer's meter and the re-read proves that the original meter reading was correct.
7. Meter Test Charge: Shall be assessed when a customer requests the utility perform a test on the customer's meter to check for accuracy, and the test shows the customer's meter is not more than two percent (2%) fast.
8. Reconnection Charge: Shall be assessed to reconnect service that has been terminated for non-payment of service or for violation of Utility or Public Service Commission rules and regulations. An after hours reconnection charge will be assessed if service is reconnected at the customers request after normal working hours.
9. Returned Check Charge: Shall be assessed when a customer's check is returned, either due to insufficient funds or other reason due to customer fault.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

10. Service Call/Investigation Charge: Shall be assessed when a customer requests the onsite presence of utility personnel to investigate a service problem and the problem is a result of the customer's own plumbing facilities, beyond the utility's delivery point, or not caused by failure of utility facilities. Any maintenance and repair of facilities beyond the utility's delivery point is the responsibility of the customer. An after hours charge will be assessed if the investigation is made after normal working hours at the customers request.

---

---

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

RULES AND REGULATIONS

Q. In accordance with 807 KAR 5:006 Section 14, water service may be discontinued by the Utility for the violation of any rule, regulation, or condition of service, including, but not limited to the following prohibited acts:

1. Misrepresentation in the application or contract as to the property or fixtures to be supplied or additional use to be made of water.
2. Failure to report to the Utility additions to the property or fixtures to be supplied or additional use to be made of water.
3. Resale of water.
4. Waste or misuse of water due to improper or imperfect service pipes and/or failure to keep said pipes in suitable state of repair.
5. Tampering with meter, meter seal, service, or valves, or permitting such tampering by others.
6. Connections, cross-connections, or permitting the same, of any separate water supply to premises which receive water from the Utility.
7. Non-payment of bills.

R. Any customer desiring to discontinue water service to the premises for any reason must give notice of discontinuance in person or in writing at the business office of the utility at least three (3) business days prior to the date on which the customer desires to discontinue service. If such proper notice is given to the utility, the customer shall not be liable for any water consumed beyond the date of discontinuance stated in said notification. Failure to provide a proper notification will result in the customer or property owner being liable for all water used and service rendered by the utility until such proper notice is received by the utility.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

- S. Upon written request of any customer, the meter serving said customer will be tested by the utility.
1. The utility may refuse to perform the test if said meter was tested within the prior twelve (12) months at the request of the customer.
  2. If the test results show that the meter is registering less than two percent (2%) fast, then the customer will be assessed the meter test charge approved and on-file with the Public Service Commission.
  3. If the test results show that the meter is registering more than two percent (2%) fast, then adjustments to the customer's account shall be made in accordance with the regulations of the Public Service Commission pursuant to 807 KAR 5:066 Section 9(c).
- T. When a meter has ceased to register, or a meter reading can not be obtained, the quantity of water to be billed will be based upon an average of twelve-months' consumption. If said meter readings are not available for an entire twelve-month period, the water bill will be estimated by the utility, subject to an upward or downward adjustment once a twelve-month average of actual meter readings can be calculated. If the period in which the meter error existed is unknown, then the bill will be recomputed for one half of the elapsed time since the last previous test but in no case to exceed twelve months. When a meter is tested and it is found necessary to make a refund or back bill a customer, the customer shall be given written notification of the date, location, and results of the test, as well as the amount to be deducted from or added to his regular bill.
- U. Any customer having boilers and/or pressure vessels that receive water from the utility must have a check valve on the water supply line and a vacuum valve on the steam line in order to prevent a collapse were the water supply from the utility be discontinued or interrupted.
- V. The service lines, meters, and fixtures located on a customer's premises shall at all reasonable hours be subject to inspection by the utility should the utility have reason to believe that unauthorized use of water is occurring.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

RULES AND REGULATIONS

- W. Piping on the premises of a customer must be so installed that connections are conveniently located with respect to the utility's lines and mains. The customer shall provide a place for metering which is unobstructed and accessible at all times.
- X. A prospective customer who requests service is required to sign the Association's standard water service contract before service is supplied. No service will be installed unless there is a main distribution line existing along the road from which service is requested. The Association will install a water service line of 50 feet. The applicant is responsible for all line in excess of 50 feet up to the meter.
- Y. The Association will have the right to do an open ditch inspection of the customer's service line. The purpose of the inspection is to make sure the customer has a service line consisting of PVC pipe with a rating of not less than 160 PSI, a shut down valve, a check valve, and a depth of at least 30 inches. The size of the service line beyond the point of delivery should not be less than 3/4 inches, however a larger size may be needed to provide adequate service. If the customer's point of use is at a higher elevation than the point of delivery, the customer should consult with a reputable engineering firm to size the service line from the point of delivery.
- Z. All customers shall grant or convey or shall cause to be granted or conveyed to the utility a perpetual easement and rights of way across any property owned or controlled by the customer wherever said easement or right of way is necessary for the utility's water facilities and lines so as to be able to furnish service to the customer. The Association's duly authorized representative and or employee of the State Health Department bearing proper credentials and identification shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling and testing in accordance with these rules and regulations. The customer must agree to maintain the area around the meter in a manner that will make it easily accessible to the Association.
- AA. If any loss or damage to the property of the utility or any accident or other injury to persons or property is caused by or results from the negligence or wrongful action of a customer, members of his/her household, his/her agent or employee, the cost of necessary repairs or replacements

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

shall be paid by the customer to the utility and any liability otherwise resulting shall be that of the customer.

- BB. The utility shall in no event be held responsible for any claims made against it for reasons of system failure or interruption of service. No persons shall be entitled to damages nor for any portion of a payment refunded for any system failure or interruption of service which in the opinion of the utility is deemed necessary.

\_\_\_\_\_  
\_\_\_\_\_  
DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

\_\_\_\_\_  
\_\_\_\_\_  
DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

- CC. For the purpose of off-setting fifty percent or more of its operation expenses, any fire department not receiving public funds from the Commonwealth of Kentucky, or any political subdivision thereof, may withdraw water from the utility's facilities at no charge, for the extinguishing of fires or the training of firemen. A fire department making such withdrawals shall provide an estimate of its withdrawals to the utility at the end of each month.
- DD. For the purposes of fire protection, including any customer's fire protection system, the utility cannot guarantee a water supply at any particular flow rate or pressure. The fire flow may vary depending upon other water demands on the system, various water facility limitations, or other circumstances. The customer will indemnify and hold harmless the utility and its employees from and against all claims, damages, losses, and expenses incurred as a result of insufficient water supply or deficient system facilities. Additionally, hydrants are to be used by the Association and the fire departments only. Fire departments may not use pumps to pull water from the hydrants and the use of hydrants is strictly limited to authorized periodic drill purposes and emergency fire fighting use.
- EE. In accordance with 807 KAR 5:066 Section 10 (2) (b), a new fire hydrant will not be installed by the utility unless:
1. A professional engineer with a Kentucky registration has certified that the system can provide a minimum fire flow of 250 gallons per minute, and
  2. The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate.

---

---

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

FOR Jackson County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Jackson County Water Association  
(Name of Utility)

---

RULES AND REGULATIONS

---

Water Extension Policy: The Association will determine the total cost of the proposed water main extension (exclusive of the meter connection), and the total length of the extension. The Association will pay that portion of the cost of the water main extension equal to fifty feet for each applicant for service. That part of the cost not covered by the Association's portion shall be contributed equally by those applicants desiring service on the main extension. Each applicant will also be required to pay the Association's approved "tap on fee" for a meter connection to the main extension.

For a period of five years, after the original construction of the main extension, each additional customer directly connected to each particular extension, will be required to contribute to the cost of that main extension, based on a recalculation of both, the Association's portion of the total cost and each customer's contribution, as set out above. The Association will refund, to those customers that have previously contributed to the cost of each main extension itself, that amount necessary to reduce their contribution to the currently calculated amount for each customer connected to that extension. All customers, directly connected to each main extension for a five year period after it is placed in service, are to contribute equally to the cost of construction of the water main extension itself. In addition, each customer must pay the approved tap on fee applicable at the time of their application for the meter connection. The tap on fee is not part of the refundable cost of the extension, and may be changed during the refund period. After the five year refund period expires, any additional customer applying for service on each main extension, will be connected for the amount of the approved tap on fee only. Also after the five year refund period expires, the Association will be required to make refunds for an additional five years period in accordance with 807 KAR 5:066, Section 12(b).

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

CONTRACT FOR WATER SERVICES

This contract made and entered into this \_\_\_\_ day of \_\_\_\_\_ 198\_\_\_\_\_ between  
whose address is

\_\_\_\_\_ party of the FIRST PART, and the Jackson County Water Association, Inc., Tvnor, Kentucky, party of the SECOND PART.

Witnesseth that for and in consideration of the efforts of the party of the SECOND PART, acting through the Jackson County Water Association, the party of the FIRST PART agrees to pay a connection fee of \_\_\_\_\_ at the time of signing this contract, to connect to the water system and to pay at least a minimum bill monthly thereafter as soon as the \_\_\_\_\_ meter is installed by the Jackson County Water Association and water is made available to the meter, regardless of whether the FIRST PARTY connects to the system.

The party of the FIRST PART, agrees to permit the Jackson County Water Association to lay, maintain, repair, remove and disconnect a service line and meter, and read meters at a point on customer's property to be designated by the Jackson County Water Association, for each signed connection with the right of ingress and egress on property

The party of the FIRST PART agrees that no other present or future source of water will be connected to any water lines served by the Jackson County Water Association's water lines and will disconnect from his present water supply prior to connecting to and switching to the Jackson County Water Association's system and shall eliminate their present or future cross-connections in his system.

A separate water meter must be installed for each residence.

A separate contract will be required for each trailer park.

The part of the FIRST PART agrees to allow the Jackson County Water Association to inspect the service line from the meter to the place of use for the purpose of making sure it complies with the Jackson County Water Association's Rules and Regulations.

The party of the FIRST PART agrees to maintain area around the meter in a manner that will make the meter easily accessible to the Jackson County Water Association

The party of the FIRST PART agrees to comply with and be bound by the Articles, By-Laws, Rules and Regulations of the Jackson County Water Association now in force or as hereafter duly and legally supplemented, amended or changed.

\_\_\_\_\_  
ASSOCIATION

JACKSON COUNTY WATER

(A-Body-Corporate)

\_\_\_\_\_  
Part(y)ies of the FIRST PART

\_\_\_\_\_  
Duly Authorized Agent

(Seal)

PARTY OF THE SECOND PART

FOR \_\_\_\_\_

P.S.C. KY No- \_\_\_\_\_

\_\_\_\_\_ Sheet No. \_\_\_\_\_

JACKSON COUNTY WATER ASSOCIATION  
Name of Issuing Corporation

Cancelling P.S.C. KY No. \_\_\_\_\_

Sheet No. 1

**RULES AND REGULATIONS**

**BILL FORMAT USED BY JACKSON COUNTY WATER ASSOCIATION**

ACCOUNT NO.		FIFTH CLASS MAIL U.S. POSTAL SERVICE	
ITEM	AMOUNT	CHRG	READING
		UC	MP
			AMOUNT
NET BILL DUE NOW		GROSS AMOUNT DUE AFTER DUE DATE	
GROSS BILL DUE AFTER		NET BILL DUE NOW	
ENTER READING		RETURN STUB WITH PAYMENT	

JACKSON COUNTY WATER ASSOCIATION  
P.O. BOX 232  
TYNER, KY 40486  
Phone: (606) 287-7000

Payment due at the above address by the 10th of the month. If payment is not received in office by 20th of the month, service will be discontinued and a fee of \$15.00 will be added before service is resumed. Payment for reconnection must be made during office hours. Customers who live outside the local calling area may call our office collect with questions or problems concerning service.

OFFICE HOURS: 8:00 a.m. to 4:30 p.m.  
MONDAY - FRIDAY

ENCLOSE THIS STUB WHEN PAYING BY MAIL FOR PROPER CREDIT

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

DEC 04 1996

PURSUANT TO 807 KAR 5.011, SECTION 9(1)

BY *Richard S. Harb*  
FOR THE PUBLIC SERVICE COMMISSION

NOT RESPONSIBLE FOR MAIL DELIVERY

© 1983 COMPUTER RESOURCES CORPORATION LOUISVILLE, KY 40205 C244-A8

DATE OF ISSUE 11 1 96  
Month Day Year

DATE EFFECTIVE 11 1 96  
Month Day Year

ISSUED BY *Richard S. Harb*  
Name of Officer

President  
Title

P.O. Box 232 Tyner, Ky. 40486  
Address